



Fax Cover Sheet

Date 2/10/05

To: Gl. John. Heyer

Phone: _____

Fax #: 703.603.0655

From: Carey McCombie

CC: _____

Fax: 703-522-6741 Voice #: 703-524-1864
of pages (including cover sheet) 3

Message RE:

JWOD Comments.



February 10, 2005

Committee for Purchase From People Who are Blind or Severely Disabled
Attn: Mr. G. John Heyer
1421 Jefferson Davis Highway,
Jefferson Plaza 2, Suite 10800
Arlington, VA 22202-3259
rulecomments@jwod.gov

RE: Governance Standards for Central Nonprofit Agencies and Nonprofit Agencies
Participating in the Javits-Wagner-O'Day (JWOD) Program

Dear Mr. Heyer:

The American Apparel & Footwear Association (AAFA) is pleased to submit comments to the Committee for Purchase From People Who are Blind or Severely Disabled, regarding the governance standards for nonprofit agencies participating in the JWOD program.

AAFA is the national trade association representing over 700 companies in apparel, footwear and other sewn products companies, and their suppliers. A substantial number of AAFA's domestic manufacturing members supply specialized sewn products to the military. Due to the ever-decreasing opportunities for these domestic companies to sell to the commercial textile market in the United States, these manufacturers rely very heavily on military contract sales to sustain their businesses.

The Committee should be commended for the effort to promote increased accountability and visibility of government contract funds by establishing formal guidelines for the administration of these contracts for central nonprofit agencies and nonprofit agencies participating in the JWOD program. These standards are long overdue as all agencies administering government contracts should have clear reporting requirements. The process should be open and the benefits should go to the stated objective of the JWOD program, which is to "create jobs and training opportunities for people who are blind or who have other severe disabilities."

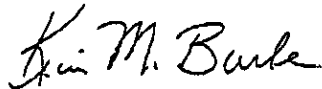
The standards appear to insert more transparency into the administration of the JWOD program by implementing standard business practices. Requiring a conflict of interest policy and separation of powers and position will help to ensure more independent decision-making. And now the two independent organizations, National Industries for the Blind (NIB) and NISH, will have to audit committees to ensure compliance with government regulations and standards just as all other businesses of equivalent size.

Compensation packages for a nonprofit agency should be reasonable and representative of the size of an agency. Implementing annual reviews of compensation packages will help to ensure that this is the case. The Committee does not provide detail on or give examples of "adequate justification" for exceeding the level of executive compensation offered to the typical, highest paid. This amount is currently approximately \$207,000 per year; however, the lack of definition or guidance in this area leaves room for increased subjectivity.

There are some questions regarding the violation procedures. Is there any other means of determining compliance on these governance standards and other JWOD compliance qualifications other than agency certification in forms 401 - 404? Does the Committee employ any independent investigations of agency facilities to verify qualifications? Is there a predetermined amount of time for "affording the central nonprofit agency an opportunity to address" the Committee's assessed violation? What are the operating procedures for an agency being investigated for a violation?

AAFA appreciates the opportunity to offer questions and comments in support of these changes and again commends the Committee for their efforts in this regard. If you have any questions about AAFA's position on any of the above comments, please feel free to contact me at 703.797.9039.

Sincerely,



Kevin M. Burke
President and CEO